

## PROCEDURE

### ON INTRODUCTION OF NECESSARY FINANCIAL GUARANTEES FOR OBTAINING PRODUCTION CAPACITY CONSTRUCTION OR RESTORATION LICENSEES IN THE ROA ENERGY SECTOR

This procedure establishes the order and form of introduction of financial guarantees to the RoA Energy Regulatory Commission (hereafter referred to as a Commission) by economic entities for obtaining production capacity construction or restoration Licenses in the RoA Energy Sector, established by Article 26 of the RoA “Energy Law”.

1. The financial guarantee is considered the certain amount, calculated and registered as confirmation of readiness for maintenance of license conditions and solvency in compliance with this Procedure, which is introduced by the entity that has applied for obtaining a production capacity construction and restoration License in the Energy Sector.
2. The basis for calculation of financial guarantees for the Licensees is established the basic amount of duty, established by the RoA “Law on Duties”.
3. The size of financial guarantee is established according to the set capacity of the constructed and restored production capacities, according to the table below.

No	Size of the constructed, or restored production capacity	Amount of the introduced financial guarantee
1	1-500 kW	500 times of basic duty
2	501-1000 kW	1000 times of basic duty
3	1001-2500 kW	2000 times of basic duty
4	2501-5000 kW	3000 times of basic duty
5	5001 1000 kW	4000 times of basic duty
6	10001 kW and more	5000 times of basic duty

4. The Licensee registers the amount in the size of the financial guarantee, calculated in compliance with the table, established by Item 3 of this Procedure in cash, or non cash with the deposit account of any authoritative bank (agreed with the Commission), and submits to the Commission the deposit contract and the letter of guarantee, provided by the bank.
5. In the letter of guarantee shall be included:
  - a) obligations of the bank and the Licensees on non-reduction of the amount of the mentioned deposit account without the Commission's decision or written consent.
  - b) obligation of the bank in case of non performance, or non duly performance of the License conditions by the Licensees, non performing licensed activities during the effective period of the License, and in case of expiration of the License terms, on the basis of the Commission's decision and/or written consent, and within the terms specified in it to transfer the financial guarantee to the RoA State budget as a financial penalty.
  - c) deposit terms, which must coincide with the terms of the operation License.
  - d) deposit contract shall become effective from the moment of License issuance by the Commission, and shall be effective up to the end of the License operation terms.
6. Deposit contract and the letter of guarantee, along with the application for obtaining a License shall be introduced to the Commission.
7. The Licensee can freely manage the sums, which come from the percents of the sums held in the deposit account.
8. In case of performing the License conditions completely and in the established terms, or in case of performing them beforehand, the Commission, according to the Licensee's application makes a decision, or gives a written consent on returning to the Licensee the sum constituting the financial guarantee.
9. In cases, when due to objective reasons (shortage of financial means, etc) the License conditions are not being performed during the established terms, the Commission, according to the Licensee's application, as an exceptional measure, and in case of fulfilling the 60.0 percent of the designed activities, for the purpose of extending the license activities can adopt a decision on returning the financial guarantee beforehand, on the condition that it shall be used exceptionally for construction (restoration) activities.

10. The financial guarantee, established according to the present Procedure shall not be required, if for obtaining an operation License the Licensee has introduced to the Commission the budget guarantee, provided by the RoA Government.
11. For obtaining an operation License, a financial guarantee can be considered the recommendation provided by any financial, or other organization, or an investment foundation according to which the entity, or the recommending party shall take responsibility to transfer the sum, established by this Procedure to the RoA State budget as a financial penalty for non performance, or non duly performance of the License conditions by him, or by the Licensee.
12. If the entity that has applied to the Commission has been issued with electric and/or thermal energy generation license (including combined generation), then a financial guarantee can be considered also the assets, necessary for electric and/or thermal energy generation (including combined generation), and which is the property of that entity, based on the written request of the latter. In such cases, for obtaining production capacity construction, or restoration License, the entity shall submit a written obligation, with which he assumes responsibility to transfer the sum established by this Procedure on the basis of the Commission's decision to the RoA State budget, as a financial penalty in case of non performance, or non duly performance of the license conditions.